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Message Text

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43
ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 EA-09 NEA-10 IO-13 ISO-00 SP-02

USIA-15 AID-05 NSC-05 CIEP-02 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01

SEC-01 /144 W
---------- 084269
P 021225Z DEC 76
FM AMCONSUL TURIN
TO SECSTATE WASHDC PRIORITY 0637
AMEMBASSY ROME PRIORITY
INFO AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSL NAPLES
AMCONSUL PALERMO
AMCONSUL TRIESTE
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BELGRADE
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS
AMEMBASSY BRASILIA
AMEMBASSY BUCHAREST
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
USMISSION GENEVA
AMEMBASSY THE HAGUE
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
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AMEMBASSY LISBON

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AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
USMISSION OECD PARIS
AMEMBASSY RABAT
AMEMBASSY TEHRAN
AMEMBASSY TEL AVIV
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VALLETTA
AMEMBASSY WARSAW

UNCLAS TURIN 0417

E.O. 11652: N/A
TAGS: EFIN, EINV, ECON, IT, LY
SUBJ: LIBYA PROVIDES FINANCIAL ASSISTANCE WORTH DOLS 415
MILLION TO FIAT

REF: TURIN/ROME TELCON 12/1

1. IN SURPRISE ANNOUNCEMENT EVENING DEC. 1, FIAT PRESIDENT GIOVANNI AGNELLI ANNOUNCED TO WELL-ORGANIZED PRESS CONFERENCE RESULTS OF VERY WELL KEPT PRIVATE NEGOTIATIONS WITH LIBYAN ARAB FOREIGN BANK WHICH HAD BEEN HELD OVER PAST YEAR. AGNELLI AND OTHER FIAT CONTACTS HAVE STRONGLY EMPHASIZED PURELY FINANCIAL MADE OF THIS THREE-PRONGED AGREEMENT RESULTING IN NEW FUNDING FOR FIAT PROVIDED BY LIBYAN ARAB FOREIGN BANK WHICH, ACCORDING TO FIAT S OFFICIAL ANNOUNCEMENT, IS VALUED AT DOLS 415 MILLION. OUR INFORMAL TRANSLATION OF FIAT ANNOUNCEMENT FOLLOWS BELOW AND OUR COMMENTS TO FOLLOW IN SEPTEL.

2. TEXT OF FIAT DEC. 1 ANNOUNCEMENT:

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QUOTE
THE BOARD OF DIRECTORS, WHICH CONVENED YESTERDAY IN THE CORPORATION S LEGAL HEADQUARTERS UNDER THE CHAIRMANSHIP OF DR. GIOVANNI AGNELLI, UNANIMOUSLY RATIFIED AN AGREE-MENT WITH THE LIBYAN ARAB FOREIGN BANK, IN ITS CAPACITY AS REPRESENTATIVE OF THE GOVERNMENT OF THE LIBYAN ARAB REPUBLIC, WHEREBY THE BANK WILL UNDERWRITE AN INCREASE OF FIAT S PAID-IN CAPITAL.

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SUBJECT TO THE ENDORSEMENT OF THIS AGREEMENT BY THE GOVERN-
MENT OF ITALY AND INSOFAR AS GOVERNMENTAL AUTHORITIES MAY
BE COMPETENT IN THIS MATTER, THE FIAT BOARD OF DIRECTORS
DECIDED TO CALL, WITHIN THE PRESCRIBED LIMITS OF THE LAW,
AN EXTRAORDINARY MEETING OF STOCKHOLDERS TO RESOLVE UPON:

A. THE INCREASE OF THE CORPORATE CAPITAL STOCK FROM
150 BILLION TO 165 BILLION LIRE, I.E., BY A NOMINAL 15
BILLION LIRE THROUGH THE ISSUANCE OF 20 MILLION ORDINARY
SHARES AND 10 MILLION PREFERRED SHARES, ALL OF WHICH TO BE
CONTROLLED BY THE LIBYAN ARAB FOREIGN BANK IN CONFORMITY
WITH THE PROVISIONS OF SECTION 2441, PARAGRAPH C.C.
(ARTICLES OF INCORPORATION), AT THE NOMINAL VALUE OF 500
LIRE PER SHARE AND AN ADDITIONAL SURCHARGE OF 5,500 LIRE
PER SHARE.

B. THE ISSUANCE AT PAR OF A 90 BILLION LIRE
DEBENTURE LOAN IN THE FORM OF 90 MILLION SECURITIES,
CONVERTIBLE INTO STOCK, HAVING A NOMINAL VALUE OF 1,000
LIRE EACH, AT 9.5 PERCENT ANNUAL INTEREST, REFUNDABLE IN
FIVE YEARLY INSTALLMENTS AS OF DECEMBER 31, 1982.
CONVERSION OF SECURITIES INTO STOCK MAY BE EFFECTED DUR-
ING THE PERIOD JUNE 1978 TO JUNE 1982 ACCORDING O
TO THE EXCHANGE RATIO OF TWO ORDINARY AND ONE PREFERRED SHARE FOR
EVERY 18 SECURITIES NOMINALLY VALUED AT 1,000 LIRE EACH
AND THUS FOR AN INDIVIDUAL 6,000 LIRE VALUE OF BOTH
ORDINARY AND PREFERRED SHARES, EQUAL TO THE VALUE
ESTABLISHED FOR THE CAPITAL INCREASE DESCRIBED UNDER (A)
ABOVE. THE MEETING OF STOCKHOLDERS SHALL BE CALLED TO
RESOLVE ON THE CONSEQUENT CAPITAL INCREASE RESULTING FROM
THE CONVERSION OF THE DEBENTURE LOAN.

THESE SHARES, TOO, WILL BE ENTIRELY RESERVED TO THE
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LIBYAN ARAB FOREIGN BANK, WHICH, BY MUTUAL AGREEMENT,
WILL SUBSCRIBE TO ALL THE STOCKS AND SHARES.

THE PRESIDENT THEN INFORMED BY BOARD THAT, AS AGREED,
THE LIBYAN ARAB FOREIGN BANK IN ADDITION WILL ISSUE TO FIAT
A TEN-YEAR LOAN OF U.S. DOLS 104 MILLION WITH A 0.25
PERCENT SPREAD ON THE SIX-MONTH LIBOR (LONDON INTERBANK
INTEREST) RATE, REPAYABLE WITHIN EIGHT YEARS STARTING
FROM THE END OF THE THIRD YEAR FROM THE DATE OF ISSUANCE.
THE WHOLE OF THESE TRANSACTIONS WILL RESULT IN NEW FINANCIAL
MEANS FOR FIAT FOR A TOTAL OF ABOUT LIRE 360 BILLION,
CORRESPONDING TO A REVENUE OF HARD CURRENCY FOR THE COUNTRY
EQUAL TO MORE THAN U.S. DOLS 415 MILLION.

THE BOARD UNANIMOUSLY EXPRESSED WARMEST THANKS TO THE
CHAIRMAN AND TO HIS COLLABORATORS FOR THE CONCLUSION OF
THE ACCORDS WHICH EMPHASIZE THE SOUNDNESS OF THE COMPANY AND

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ITS INTERNATIONAL PRESTIGE, SECURE A VALID CONTRIBUTION
TO FIAT S DEVELOPMENT AND REPRESENT AN IMPORTANT ADVANTAGE
FOR THE COUNTRY S ECONOMY AND BALANCE OF PAYMENTS.END QUOTE
WRIGHT

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To: STATE ROME
Type: TE
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